

Message Text

LIMITED OFFICIAL USE

PAGE 01 DAR ES 01956 171309Z

53

ACTION AF-18

INFO OCT-01 ISO-00 XMB-07 COME-00 EB-11 CIAE-00 INR-10

NSAE-00 RSC-01 AID-20 OMB-01 TRSE-00 IGA-02 L-03

DRC-01 /075 W

----- 051490

R 170950Z JUN 74

FM AMEMBASSY DAR ES SALAAM

TO SECSTATE WASHDC 5637

LIMITED OFFICIAL USE DAR ES SALAAM 1956

FOR AF/E - PASS COPY TO EXIM (MALLOY OR AULD) AND COMMERCE

E.O.11652: N/A

TAGS: EFIN, TZ

SUBJ: TANZANIANS ASK AMERICAN BANK O FILE FOREXIM PRELIMINARY
COMMITTMENT

REF: DAR ES SALAAM 1878

1. PASS FOLLOWING TO HUGH BALLARD, AMATEX, GREENVILLE, S. C.
2. ON JUNE 14 CONTINENTAL ILLINOIS (CONTILL) NAIROBI OFFICE REQUESTED CHICAGO OFFICE VICE PRESIDENT DAVID OWEN TO FILE FOR EXIM PRELIMINARY COMMITMENT ON BASIS REQUEST FROM TANZANIAN INVESTMENT BANK (TIB) CHAIRMAN (MBOWE) WHO NOTED THAT FINANCING PACKAGE DOES NOT HAVE FINAL CLEARANCE FROM MINISTER OF FINANCE (WHO HAS BEEN BUSY UNTIL THIS PAST WEEK PREPARING ANNUAL BUDGET). HOWEVER, ON JUNE 15, EMBOFF SPOKE TO MBOWE (WHO NOTED HE WAS TO HAVE JUNE 16 APPOINTMENT WITH FINANCE MINISTER) AND SENIOR MINISTRY OF FINANCE (MINFIN) ADVISOR AND FOUND BOTH CONFIDENT THAT ALL FINANCING TERMS WOULD BE ACCEPTABLE BY TANZANIAN

3. EXIMBANK PRELIMINARY COMMITMENT APPLICATION WILL BE FOR \$50 MILLION WHICH, PRESUMABLY, WILL COVER TABORA SPINNING MILL PROJECT. KEY ELEMENT ON TANZANIAN SIDE CONTINUES TO BE

LIMITED OFFICIAL USE

PAGE 02 DAR ES 01956 171309Z

DESIRE TO MOVE AHEAD WITH MILL PROJECTS AS QUICKLY AS POSSIBLE

AND AVOID INFLATIONARY PRICE INCREASES.

4. EMBOFF LUCIUS RECEIVED BALLARD'S CONFIDENTIAL LETTER DATED MAY 31 AND DISCRETELY DISCUSSED CONTENTS WITH KEY MINFIN ADVISOR, WHO CLOSELY FOLLOWING TEXTILE PROJECTS ON BEHALF OF HIS MINISTRY. HE WAS DELIGHTED WITH PARAGRAPH WHICH STRESSED TUILTY OF HAVING AMATEX INVOLVED WITH MANAGEMENT OF TEXTILE PROJECTS. EVIDENTLY, MINFIN, TIB AND BANK OF TANZANIA (BOT) HAVE LONG ADVOCATED AMATEX INVOLVEMENT, PRIMARILY DURING FIRST SIX MONTHS AFTER MACHINERY INSTALLED (I.E. DURING TESTING AND BREAKING IN STAGE). NATIONAL TEXTILES (TEXCO), HOWEVER, HAS ADAMANTLY INSISTED THAT EVERYTHING RELATING TO PRODUCTION BE KEPT ENTIRELY IN HANDS OF SAIGOL. OPPONENTS TO THIS VIEW ARGUE THAT US MACHINERY MANUFACTURES (I.E. AMATEX) SHOULD OPERATED PLANTS FOR AT LEAST FIRST SIX MONTHS AND BE HELD RESPONSIBLE FOR SETTING UP FULLY OPERATIONAL MILL TO BE HANDED OVER TO SAIGOL. THIS, THEY ARGUE, WOULD AVOID TEXCO BEING CAUGHT IN POSITION OF TRYING TO REFEREE DISPUTES BETWEEN MACHINERY MANUFACTURERS AND SAIGOL REGARDING START-UP PROBLEMS.

5. IN VIEW PARA 4, ADVISE BALLARD TO PREPARE, IN NAME OF AMATEX, PROPOSAL COVERING FOLLOWING POINTS:

A. START-UP MANAGEMENT, TECHNICAL, AND TRAINING SERVICES CONTRACT TO COVER MILL START-UP PERIODS.

B. CONTRACT, EFFECTIVE SOON AFTER DATE OF SIGNING OF CONTRACT FOR PURCHASE OF US MACHINERY, FOR AMATEX TO PROVIDE ON-JOB TRAINING WITH US TEXTILE COMPANIES, TO KEY TANZANIANS SO THEY CAN SLIDE INTO PRODUCTION SUPERVISORY POSITION WHEN NEW TANZANIAN TEXTILE MILLS ARE NEAR COMPLETION. CONTRACT TO RPROVIDE MAXIMUM US TRAINING ON US MACHINERY AND FAMILIARIZATION WITH US PRODUCTION METHODS.

C. MANAGEMENT CONTRACT BEYOND PERIOD DISCUSSED IN PARA R-. BELIEVE SAIGOL HAS THESE MANAGEMENT CONTRACTS SEWN UP BUT ALSO BELIEVE THIS WOULD BE IDEAL TIME TO DANGLE AMATEX PROPOSAL AS SITUATION HERE JUST FLUID ENOUGH THAT IT MIGHT BE HELPFUL FOR AMATEX TO HAVE SUCH PROPOSAL ON FILE FOR FUTURE REFERENCE.

6. FOREGOING PROPOSAL SHOULD BE SENT TO TWEYEMAMU LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 DAR ES 01956 171309Z

TEXCO AND REASON FOR WRITING LETTER SHOULD BE SAME ONE GIVEN IN MAY 31 LETTER--I.E. EXIM PREFERS US MANAGEMENT INVOLVEMENT. DROP COPIES TO LUCIUS, AMEMBASSY DAR ES SALAAM AND HANEY EL-EMARY, CONTILL, BOX 42938, NAIROBI, KENYA. ONE OR OTHER OF US WILL INSURE IT IS BROUGHT TO ATTENTION OF TIB, MINFIN OR BOT TO PRESS AMATEX PROPOSAL HOME.

7. MINFIN ADVISOR NOT UNDULY CONCERNED WITH PROBLEM OF

PAKISTANI AGENTS SEEKING COMMISSION AS DISCUSSED IN
MARCH 31 LETTER BUT SUSPECT THAT HE IS PLEASED TO HAVE
AMATEX REPORT SO HE CAN REMAIN ALERT TO THIS SITUATION. HE
COMMENTED THAT MACHINERY BIDS WILL BE OPENED IN DAR AND
IT WILL BE HARD FOR SAIGOL TO RECOMMEND ONE US-SUPPLIER AGAINST
ANOTHER IF BIDS ARE OUT OF LINE WITH OTHERS. HE SUGGESTS THAT
HOPEFULLY AMATEX CAN EXPLAIN SITUATION TO ITS MEMBERSHIP AND
ASK MEMBER COMPANIES TO MAINTAIN COMMON FRONT AGAINST COMMISSION
PROPOSALS OF PAKISTANI AGENTS. EMBOFF WILL CONTINUE TO WATCH
FOR SUITABLE OPENING TO RAISE THIS QUESTION AGAIN, BUT IN VIEW
DELICACY OF SUBJECT, HE WILL OF NECESSITY, NEED TO MOVE SLOWLY
AND TREAD CAREFULLY.
CARTER

NOTE BY OCT: NOT PASSED GREENVILLE, S.C.

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILE INDUSTRY, BANK LOANS, PROGRAMS (PROJECTS), INVESTMENT LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: WorrelSW
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974DARES01956
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740157-0117
From: DAR ES SALAAM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740640/aaaabicl.tel
Line Count: 130
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: DAR ES SALAAM 1878
Review Action: RELEASED, APPROVED
Review Authority: WorrelSW
Review Comment: n/a
Review Content Flags:
Review Date: 29 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 AUG 2002 by shawdg>; APPROVED <19 FEB 2003 by WorrelSW>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TANZANIANS ASK AMERICAN BANK O FILE FOREXIM PRELIMINARY COMMITMENT
TAGS: EFIN, TZ, XMB, TIB, (BALLARD, HUGH)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005